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N. 32,796 31/88

## U.S. Said to Blame Navy Crew For Downing Iranian Airliner

By Bernard E. Trainor  
WASHINGTON — A military investigation of the shooting down of an Iranian civilian airliner in the Persian Gulf on July 3, in which 290 people were killed, found that crew error arising from the psychological stress of being in combat for the first time was responsible for the disaster, Defense Department officials familiar with the inquiry say.

The investigation of the incident over the Gulf on July 3, in which 290 people were killed, found no malfunction in the radar technology aboard the cruiser Vincennes, the U.S. Navy ship that shot down the Iranian Airbus.



Mathias Rust, right, being interviewed by a Soviet journalist in Moscow on Wednesday after his release.

## Kiosk Statue's Export Was Illegal

ROME (UPI) — Italy's Ministry of Culture said Wednesday that a Greek statue acquired by the J. Paul Getty Museum in California was not legally exported from Italy, but officials stopped short of confirming that it was believed stolen from Sicily.

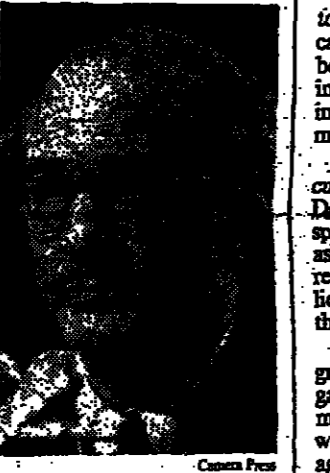
## Reagan Vetoes Bill On Military Budget

By Bill McAllister  
WASHINGTON — President Ronald Reagan vetoed the \$300 billion Pentagon budget authorization bill on Wednesday, accusing Democrats of playing "partisan politics" with the measure.

## Pilot Who Landed in Red Square Freed

MOSCOW — The Soviet Union freed Mathias Rust from prison on Wednesday, sending him home to West Germany the young pilot who buzzed Red Square and embarrassed the Soviet Defense Ministry.

Mr. Rust still faces questioning in West Germany. Rolf Schamerowski, a prosecutor in Hamburg, said that after Mr. Rust has rested he would be questioned to determine if there were grounds to charge him under West German law with violating flight safety rules.



Chester A. Crocker of the United States, at Geneva talks on Angola and Namibia. A South African offer was rejected Wednesday by Angola and Cuba. Page 2.

Calling on Congress to "get back to work and come up with a bill I can sign," Mr. Reagan appeared before reporters to announce a veto intended to engage the Democrats in election-year combat over the military-spending issue.



LEND ME YOUR EARS — Vice President George Bush, the apparent Republican presidential candidate, shortly after he delivered an address in Chicago. Mr. Bush's strategists have decided to use the Republican convention to attack his Democratic opponent's fitness for office. Page 2.

## Joking, Reagan Calls Dukakis 'an Invalid'

WASHINGTON — President Ronald Reagan referred to Governor Michael S. Dukakis on Wednesday as "an invalid," in a barbed comment on the health of the Democratic presidential nominee.

General News

Millions see a documentary film on Soviet TV equating Stalin with Hitler. Page 2.
Business/Finance
Daimler-Benz AG and the Dornier family group have resolved a dispute over a planned airliner. Page 9.

The Dollar

DM	1.8755
Pound	1.71
Yen	132.775
FF	6.324

Up 2.85

## Athens Will Close Base When U.S. Pact Expires

ATHENS — Greece said Wednesday that it would close the U.S. Air Force base near Athens when a defense agreement between the two countries expires on Dec. 31.

Wednesday that the United States hoped an agreement could be reached that would serve the interests of both sides.

## Even U.S. Science Students Are Studying Abroad

NEW YORK — Programs for Americans to study abroad, once a preserve of liberal arts majors at elite schools, are growing in popularity and purpose, educators say, as students become less wary of living in foreign countries and more aware of the economic importance of the programs.

Richard Krasno, president of the Institute of International Education, a student-exchange agency, said: "There's a view on the part of many institutions, Mr. Nacht said, 'that it's fun to go abroad and it's interesting, but we don't have that much to learn.'"

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## Beijing To Buy U.S. Unit State Firm in Pact To Acquire 50% Of Major Refiner

By Malcolm Gladwell  
WASHINGTON — Coastal Corp., a major U.S. refining and energy concern, said Wednesday that it had agreed to sell its West Coast refining operations to a joint venture it will establish with China's state-owned National Chemicals Import & Export Corp.





The Reverend Jesse L. Jackson holds up the hand of Rosa Parks, a civil rights campaigner, during a National Urban League reception in Detroit. Mr. Jackson criticized Vice President George Bush for turning down an invitation to address the league, a private group that represents poor urban blacks.

### Republican Convention Delegates Favor Dole or Kemp for No. 2 Spot

By Richard L. Berke  
NEW YORK — Delegates to the Republican national convention favor two of Vice President George Bush's former rivals as his running mate, with moderates preferring Senator Bob Dole and the most conservative supporting Representative Jack F. Kemp, a New York Times survey shows.

### Job Offers Left Unfilled In New York

NEW YORK — Even though many employers in New York are struggling to fill jobs, nearly half of the city's working-age residents are neither employed nor looking for work, a federal report says.

### Dole Exploits Issue of Contra Aid

WASHINGTON (WP) — Bob Dole, Republican of Kansas and the Senate minority leader, on Tuesday highlighted the Democratic presidential ticket's differences on military aid to the Nicaraguan contras and vowed to force an immediate vote on the issue if Senate Democrats failed to reach agreement on a "solid" contra aid plan.

### Casino Gambling Rejected in Detroit

DETROIT (AP) — Voters have rejected Mayor Coleman Young's plan for casino gambling by approving an ordinance that outlaws casinos.

## Raymond Carver, Writer, Is Dead at 50

By Stewart Kellerman  
NEW YORK — Raymond Carver, 50, a poet and short-story writer who chronicled the lives of America's working poor, died of cancer Tuesday at his home in Port Angeles, Washington.



Raymond Carver

Mr. Carver, who was married in June to the poet Tess Gallagher, died soon after finishing a book of poetry, "A New Path to the Waterfall."

Mr. Carver came from the hard-scrabble world of the down-and-out blue-collar characters in his stories. "I'm a paid-in-full member of the working poor," he said in an interview last spring. "I have a great deal of sympathy with them. They're my people."

## Prairies Parched, Canada Farmers Take Vacation

By John F. Burns  
NEW YORK Times Service  
TORONTO — Drought has ravaged grain and cattle farms in Canada this summer with a severity not seen since the 1930s, and some of those affected have given up.

Prices that had already increased in April jumped again. Barley prices nearly doubled from the spring rate, to \$98 a ton, and durum wheat leaped by 59 percent, to \$143 a ton.

Between the droughts of 1980, 1984, 1985 and this year, grain farmers have had to contend with worldwide surpluses, a punishing fall in prices and subsidy wars between the United States and Western Europe.

Canadian shipping companies are preparing for the possibility that in the worst case as few as four million metric tons will move through the country's eastern ports this year, down from 13 million metric tons in last year.

High temperatures were predicted in California and the Northwest, the Rockies, the northern Plains, northern Minnesota and northern Maine. Temperatures of 95 to 105 degrees Fahrenheit (about 35 to 40 centigrade) were expected over parts of the central Plains, the Mississippi Valley, the Great Lakes and the Ohio Valley, and in the Southwest it was expected to be 100 to 110 degrees.

### Heat Raising U.S. Fear About Fall Crops

CHICAGO — A new blast of hot weather across the central United States has increased fears that autumn crops will fall victim as well, and experts say the effects of the drought may extend into next year.

### Contras Kill 2 in Attack on River Ferry

MANAGUA — The U.S.-backed Nicaraguan rebels fired mortars and rifles at a crowded passenger ferry on a remote southern river, killing 2 persons and wounding 27, the government and witnesses said Wednesday.

### U.S. Weapons Sale to Kuwait Gains

WASHINGTON — The Reagan administration has reached an accord with Congress that clears the way for a \$1.9 billion arms sale to Kuwait, two congressmen said Wednesday.

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### Part-Time Soldier in U.S.

— The first Black soldier was killed in Vietnam. A British soldier was killed in the Falkland Islands. A member of the regiment to be killed in an engineering unit in the Falkland Islands. A member of the regiment to be killed in an engineering unit in the Falkland Islands.

### Halt Syria Missile Sale

— The United States has announced that it will halt the sale of cruise missiles to Syria. The United States has announced that it will halt the sale of cruise missiles to Syria.

### Meeting With Gromyko

— The Soviet foreign minister, Andrei Gromyko, met with U.S. officials in Washington. The Soviet foreign minister, Andrei Gromyko, met with U.S. officials in Washington.

## WIN \$ MILLIONS!

Strike it rich in Canada's Favorite Lottery. You pick your own numbers playing Lotto 6/49.

That's right... you can win millions by picking your own numbers playing Lotto 6/49—Canada's most popular Government Lottery. In fact, last year Lotto 6/49 paid out \$354,736,589.00 in ALL CASH PRIZES.

Table with columns: PRIZES, NO. OF PRIZES, PRIZE VALUE. Rows include 1st Prize (\$13,890,588.80), 2nd Prize (\$43,911.80), 3rd Prize (\$3,704.70), 4th Prize (\$139.30), 5th Prize (\$18.00).

HOW DO I KNOW WHEN I WIN? You will be notified immediately when you win a prize of \$1,000.00 or more. Also, a complete list of all winning numbers will be sent to you after every tenth draw so that you can check along the way to see how you are doing.

ORDER TODAY! Mark six numbers on each game board you wish to play.

Form for ordering Canadian Overseas Marketing, including fields for name, address, city, country, and payment method.

FREE BONUS! Includes 2 drawings per week. 16 Weeks (20 Drawings) \$45, 26 Weeks (52 Drawings) \$112, 52 Weeks (104 Drawings) \$225.

INTERNATIONAL Herald Tribune

A Cease-Fire Comes First

As Iran and Iraq are learning, wars are harder to finish than to start. Iraq's continued attacks, and Iran's offers to help secure release of America's hostages, are moves in a complex end game that could easily become protracted.

Winking at the Lenders

Cynics say that a certain amount of mendacity is an essential lubricant in any political campaign. But it's hard to think of any presidential campaign in this century in which both candidates have been as evasive about an issue as central as the budget deficit.

Other Comment

Iraq Is Getting Away With It
The heavy reliance on chemical weapons by Iraq in the Gulf war [is] spelled out at last in a uniquely specific report from the United Nations.

The United Nations at Work
The United Nations is beginning to regain some of its old prestige. Its successful involvement in the Afghanistan, Gulf and southern Africa problems is renewed testimony to the fact that it fills a vital need in a chaotic world.

Hussein's Coup de Theatre Invites a Breakthrough

By Flora Lewis

PARIS — King Hussein's renunciation of Jordan's responsibilities for the West Bank and Gaza is the most dramatic gesture in the Arab-Israeli impasse since Egypt's Anwar Sadat flew to Jerusalem offering peace.

For Palestinians under Israeli occupation, it was a dazzling blow full of uncertainties about everyday life. For the PLO leadership, it was a shock almost beyond comprehension.

his surprise for some time as his frustration with the Middle East impasse mounted. He was embittered with Yasser Arafat, especially after the PLO leader agreed and then reneged last year on a joint negotiating strategy in the context of an international conference.

What Next? Israel Could Match Hussein and Withdraw, Too

By William Pfaff

PARIS — King Hussein has starkly simplified the Palestinian problem. He has created a Palestinian state. Not everyone has noticed, but Palestine exists. It is under Israeli military occupation, but it exists.

The West Bank, from which Jordan has now withdrawn, never belonged to Israel. Legally it now belongs to no one — except, in principle, to the people who have always lived there, who are overwhelmingly Palestinian.

But, he said, if the Arabs, in full awareness of Jordan's role, still reproached him for seeking hegemony on the West Bank, he was prepared to give up these responsibilities.

Despite their pledges at Algiers, the oil-rich Arabs have not provided big new subsidies to Mr. Arafat, instead making clear that they have no intention of giving him a blank check and that he will have to negotiate conditions for his money with each of them.

South Africa: The Censors Were Censored by the Police

By Jim Hoagland

PARIS — Seizing the film "Cry Freedom" after government censors had approved its release, South Africa's police force has demonstrated anew that it is the law of the land.

Mr. Biko's declaration of independence from white liberals helped shape the thinking of the generation which took to the streets in Soweto in 1976 to protest inferior education and has kept the township in turmoil since.

The Moral Dimension Can Win Out

By Robert H. Phinny

SAINT-TROPEZ, France — Blacks and whites in South Africa who seek an end to racism find it tragic that hope for reform is hard to maintain as Pretoria has all but abolished black political activity and freedom of the press.

When Pretoria comes to understand that news does travel despite all forms of control and restraint, that civilized people are judging South Africa and that this judgment will support peaceful or violent solutions, then — despite Pretoria's growing isolation from the rest of the world — moral concerns and beliefs within South Africa will work to end racism.

Clearly, the use of government harassment, detention and police force to suppress opposition to inequities has not been able to stifle the rise in expression of moral anti-apartheid positions, including the efforts by Archbishop Desmond Tutu and hundreds of other less known church leaders, both black and white.

erable. Mr. Biko's declaration of independence from white liberals helped shape the thinking of the generation which took to the streets in Soweto in 1976 to protest inferior education and has kept the township in turmoil since.

The white policemen who allowed Mr. Biko to die of his wounds undoubtedly thought they were doing their cause a necessary service. But in death Mr. Biko has loomed as large as he ever did in life.

These groups can point to some success — erosion of the industrial color bar, diminishing of educational apartheid, continuing and widening of social segregation, statutory recognition of black trade union rights, erosion of the Group Areas Act and the abolition of most influx control laws.

But the situation, and everyone's understanding of realities, will necessarily have changed. An Arab diplomat commented, "Hussein has transformed it from an Arab-Israeli issue to a Palestinian-Israeli issue."

There may be something in that. The king's move will demonstrate to Palestinians that no matter how much they dislike him, the PLO is quite incapable of meeting more than their emotional needs. It should not be excluded that they will turn to him and he will open his arms to them again.

The PLO is simply not equipped to take over Jordan's administrative functions. As a Palestinian radical said, "It's an organization for liberation, not for management, and it isn't much good at either one."

There would be serious uncertainties and risks. There certainly would be internal opposition. But there are costs in every course of action open to Israel. This one offers the possibility of a permanent solution. Annexation does not. That is an important difference.

100, 75 AND 50 YEARS AGO

1888: Canada Accused
NEW YORK — In the Senate today [Aug. 3] Senator Cullom, of Illinois, a Republican, submitted a resolution instructing the Committee on the Interstate Commerce Bill to ascertain whether any of the United States railroads are owned, worked or controlled by the Grand Trunk, Canadian Pacific or any other Canadian companies.

1938: No Foreign Jews
ROME — A further step in the anti-Semitic campaign was taken today [Aug. 3] by prohibiting the admission of foreign Jews to Italian schools or universities. This applies even to foreign Jews resident in Italy.

1913: A Narrow Escape
PARIS — Mme. Isadora Duncan, the dancer, whose two children were

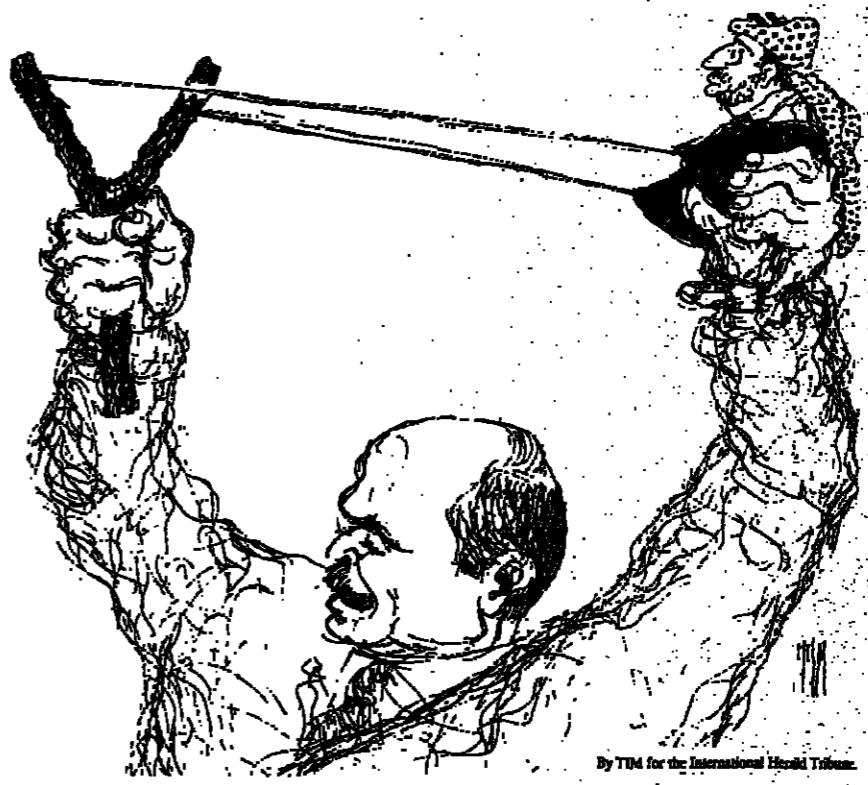
driven in the Seine in Paris recently, owing to the automobile in which they were riding getting out of control, herself had a narrow escape in an automobile accident at Mondragon, near Orange, on Saturday night [Aug. 2] when her automobile, travelling at a rapid rate, crashed into the barrier of a level-crossing at which no lights were shown. She was uninjured, but the bonnet of the car was damaged.

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By TMA for the International Herald Tribune

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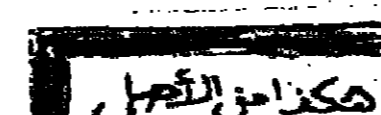
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# Court Throws Out Conviction Of One in Gandhi's Murder

By Richard M. Weintraub  
*Washington Post Service*

**NEW DELHI** — The Supreme Court of India threw out a guilty sentence and death verdict Wednesday against one of the convicted assassins of Prime Minister Indira Gandhi but ruled that the other two should die. It was one of the most emotion-laden cases ever to come through the nation's judicial system.

Overturning both a trial court and the full bench of an appeals court, the Supreme Court review panel said that the evidence against Balbir Singh, who was a sub-inspector in the prime minister's security detail when she was assassinated on Oct. 31, 1984, "is defective as well as deficient."

The court ruled, however, that there were no doubts about the verdicts against Satwant Singh, one of the gunmen who shot Mrs. Gandhi as she walked on the grounds of her residence, and Kehar Singh, who was found to have played a major role in the conspiracy to assassinate the prime minister.

The three men are not related to one another. Their shared surname, Singh, is common among Sikhs.

The assassins, Sikhs in Mrs. Gandhi's bodyguard, were portrayed by the prosecution as acting in revenge for the attack earlier in the year on the Golden Temple in Amritsar, Sikhdom's holiest shrine. The attack was made to rout mili-

tant extremists who had taken refuge there.

The assassination of the prime minister touched off rioting in New Delhi and in other cities during which Hindu mobs attacked Sikhs with impunity. Several thousand were killed before the violence was brought under control. Thousands of others suffered injuries or had their homes and businesses destroyed.

One of the major points of bitterness on the part of many moderate Sikhs is that the government has taken almost no action against anyone involved in the rioting or in instigating it.

But in a recent interview in the *Hindustan Times*, Prime Minister Rajiv Gandhi, who succeeded his mother, responded sharply when asked why the government had taken no action against those responsible for the 1984 riots.

"In our system, these things take time," he said, noting that the government is acting on recommendations of a commission that probed the riots. "Why is nobody saying a word about the fact that nearly four years after the assassination of Indira Gandhi, her assassins have still not been punished according to the law? We cannot circumvent the legal process."

Ram Jethmalani, a Supreme Court advocate and a member of Parliament who defended Balbir Singh and Kehar Singh, said that

he hoped the Supreme Court's judgment would "help heal the Punjab wound."

The Supreme Court, he said, had "mastered the prejudice which clouded the judgments" of the trial court and the appeals court.

The review panel found that the only evidence against Balbir Singh was a diary entry that said, "felt like killing."

The court said that "one does not know who 'felt like killing' and killing whom." The document taken as a whole did not amount to incriminating evidence.

"It is safer, therefore, to err in acquitting than in convicting," wrote Justice K.J. Shetty, in one of three separate but concurring opinions.

The court said there was no doubt that Satwant Singh was one of two men who shot the prime minister. The other, Beant Singh, was killed by other bodyguards. Satwant Singh was wounded but recovered.

The court was firm in its decision upholding the death sentence for the guilty.

"The security guards who were duty bound to protect Mrs. Gandhi at the cost of their own lives themselves became the assassins," Mr. Shetty wrote. "Incredible, but true. All values and all ideals in life, all norms and obligations were thrown to the winds. It was a betrayal of the worst order."



Two relatives of Balbir Singh cheered his victory in court in New Delhi on Wednesday.

# Burma Leader Imposes Martial Law on Capital

Compiled by Our Staff From Dispatches

**BANGKOK** — The weekend government of President U Sein Lwin of Burma imposed martial law Wednesday in the capital of Rangoon, the official radio reported.

The clampdown occurred after months of police repression of anti-government riots, protests and mob violence across the country, which diplomats in Rangoon said has left more than 100 people dead.

It was imposed Wednesday after thousands of massed students marched through central Rangoon shouting slogans denouncing U Sein Lwin, diplomats said.

The new leader, a retired general and former chief of the riot police, was selected July 26 to replace General U Ne Win, who stepped down after 26 years in power.

The Rangoon radio monitored in Bangkok, interrupted programming to announce that the government had imposed martial law in the capital.

Reacting to charges of police repression against dissidents, U Sein Lwin promised Tuesday to immediately correct any abuse by the police or government officials.

"If any defects or mistakes by the People's Police Force are found in the course of scrutiny, please inform the Council of Ministers immediately," he said. He added that he would correct such defects "immediately."

However, in a series of raids over the weekend, security forces arrested at least 10 suspected critics of the regime. They included the most outspoken, retired Brigadier General U Aung Gyi, and nine others described as his associates in "attacking the state." The group included an Associated Press correspondent, U Sein Win.

In October, hundreds rioted when the government took several currency notes out of circulation without compensation.

In recent years Burma has been plagued by severe inflation, widespread shortages of goods and even spot food shortages in a country once regarded as Southeast Asia's most bountiful rice producer. The

steady economic decline has reduced a country formerly rich in resources to one of the world's 19 poorest nations.

In his speech U Sein Lwin admitted that official corruption was rampant. "We have been hearing reports that people are terrified of dealing with offices and departments," he said.

He promised the state council would soon provide guidelines on reforms for the state-dominated economy approved last week by the ruling Burma Socialist Party.

The Rangoon radio announced that the city was placed under control of the military at 1 P.M. The decree, signed by U Sein Lwin, said that from July 28 until Tuesday, students had demonstrated and distributed leaflets at Burma's most sacred shrine, the Shwedagon Pagoda.

Western diplomats contacted by telephone in Rangoon described how about 3,000 students marched through the heart of the city, their faces covered with handkerchiefs, stockings and other masks.

Buddhist monks and large numbers of workers joined the students, the diplomats said.

The diplomats reported no violence or confrontations with the police, unlike riots in March and June. They said the police were not seen Wednesday.

In another statement, the state-run *Working People's Daily* accused foreign news reports of trying to undermine the economy and government with what it called "slanted and fabricated reports."

The report was particularly critical of foreign radio broadcasts that can be received in Burma.

Both the British Broadcasting Corp. and the Voice of America have broadcasts in the Burmese language that are widely listened to as alternatives to the tightly controlled state news media.

Burma has refused to grant visas to journalists for several years and recently heightened efforts to prevent them from entering the country as tourists. (AP, UPI)

# Hungarian Leader Cites a Reduced Risk of Soviet Intrusions

By Jim Hoagland and Michael Dobbs  
*Washington Post Service*

**BUDAPEST** — The decline in Cold War tensions engineered by Ronald Reagan and Mikhail S. Gorbachev has significantly reduced the risk of renewed Soviet intervention in Eastern Europe, according to the Hungarian leader, Karoly Grosz.

While firmly defending the Soviet invasions of Hungary in 1956

and Czechoslovakia in 1968 as necessary to "prevent civil war," Mr. Grosz said in an interview Tuesday that the "effort to have more détente" had rendered questions about new Soviet interventions in Eastern Europe mute.

"What may have been right 20 and 32 years ago is not sure to be right today," the Hungarian leader said. "People do not think the same."

Mr. Grosz, who conferred with both Mr. Reagan and Mr. Gorbachev in recent visits to Washington and Moscow, indicated that the Soviet Union no longer needed to fear "that America would intervene if some kind of conflict arose" in one of its East European satellites. His answer came in response to a question about possible Soviet reaction if civil strife were to erupt in neighboring Romania.

Mr. Grosz, who took over as Communist Party leader in May, also made these points:

- Mr. Gorbachev has emerged from a special Soviet Communist Party conference last month in a stronger position to push for economic and political reforms at home. Mr. Grosz portrayed this development as fortifying the cause of reform throughout the bloc.
- The North Atlantic Treaty Organization has missed an opportunity to reduce weaponry in Europe by not agreeing to a Soviet offer to trade the withdrawal of 72 U.S. F-16 fighter bombers from Western Europe for a withdrawal of Soviet planes from Hungary. "The gesture by Gorbachev has not met a response," he said. "So we will keep

the 72 planes of ours in the air."

- The Soviet Union will withdraw troops from Eastern Europe only in the context of reciprocal reductions negotiated with NATO. But he specified that Hungary would like to be at the top of the list of countries from which troops were withdrawn.
- "We want to be a pilot country in every respect, including this one," Mr. Grosz said. He cited with approval the view that since Hungary is not on the central front, along which NATO and Warsaw Pact troops confront each other, reductions in his country would not seriously affect combat readiness.
- Hungarian officials said they could offer no explanation for an unusual briefing given by U.S. officials in Washington two weeks ago predicting that Mr. Gorbachev was about to announce a unilateral withdrawal of some or all of the 65,000 Soviet troops stationed in Hungary.
- Diplomatic sources said Washington was being responsive to reports from the field about remarks by Soviet and Hungarian officials

to that effect and had sought to limit the political credit Mr. Gorbachev would have achieved if he had made such an announcement.

Mr. Grosz, who displaced Janos Kadar as general secretary of the ruling Hungarian party, said military commanders on both sides were resisting significant reductions in conventional arms.

"I have talked to many military people. But I haven't seen any who want to disarm," said Mr. Grosz. "All of them want to have at least two cannons more than the other side."

The Hungarian leader's unyielding defense of the Soviet intervention 20 years ago this month in Czechoslovakia and 32 years ago in Hungary was phrased in language devoid of the nuance used by Mr. Gorbachev in responding to the same question.

"It was to prevent civil war," Mr. Grosz said of the Prague invasion, adding quickly: "I do not think the presence of Soviet troops in Hungary in 1956 was a mistake either." He accused the United States of encouraging the 1956 uprising against Soviet occupation with ra-

dio broadcasts and open debates in Washington about intervening.

But he also emphasized "the historic change" achieved by Mr. Gorbachev and Mr. Reagan in seeking "a real détente and reductions in tension."



Karoly Grosz

# China Allows 2d Child To Farmers With Girl

The Associated Press

**BEIJING** — China has eased its policy of limiting each couple to one child, saying that farmers whose only child is a girl will be allowed to have a second child.

A spokesman for the State Birth Control Commission, Li Yong, said in an interview Wednesday that China was instituting the policy for peasants in almost every province. Peasants make up 80 percent of China's 1.1 billion people.

Mr. Li said the new policy had been adopted because too many peasants were ignoring the one-child limit after having had a girl. The peasants' belief that boys are economically more productive than girls and Chinese superstitions favoring male children are the main reasons the one-child policy has not worked, he said.

The official said the policy change would not greatly affect China's population growth because only 19 percent of China's families have one child.

"Our real problems are with the families that have three, five and even seven children," he said. "We

need to concentrate on those now."

Fines for having too many children vary from region to region but generally amount to \$270 or more per year for five years, about twice the average rural income.

In recent years, however, some increasingly affluent peasants have had the money to pay the fines.

"Why be afraid of a fine?" goes one poem. "A sum of money is a dead treasure, but a son is a live treasure."

An official at the United Nations Fund for Population Activities said the policy change was unusual because the Chinese had recently taken steps to enforce their "one family, one child" policy.

"This change certainly is not in line with the modern feeling that children of both sexes are equal," said Manfred Kulessa, head of the UN office in Beijing.

China is in the midst of a baby boom that has seen the population growth rate jump from 1.1 percent in 1985 to 1.4 percent in 1987. If this rate continues, China's population could swell to 1.5 billion by 2010.

# General Backed as Thai Leader

Reuters

**BANGKOK** — King Bhumibol Adulyadej is likely to name Major General Chatichai Choonhavan as Thailand's new prime minister, officials in parliament said, after legislators backed General Chatichai on Wednesday to succeed Prem Tinsulanonda in the job.

The House of Representatives voted to accept General Chatichai,

# General Backed as Thai Leader

Reuters

66, a deputy prime minister, as the next prime minister.

Although General Chatichai's Chart Thai party won more seats in parliament than any other party in the July 24 election, officials said formation of a government had been delayed by last-minute talks among the five parties that will form General Chatichai's coalition government about who would fill the finance portfolio.

# PLO Vows to Take Over For King in West Bank

United Press International

**CAIRO** — The Palestine Liberation Organization, in its first response to Jordan's decision to cut formal links with the Israeli-occupied West Bank, said Wednesday that it would carry out its responsibilities as the "sole and legitimate" representative of the Palestinians in the territory.

But the statement gave no indication of how the PLO will represent the 800,000 Palestinians in the West Bank and did not mention whether it will assume any of Jordan's financial obligations to the territory should the Amman government give them up.

Those obligations include paying for municipal services in the West Bank and the salaries of at least 13,000 government workers there.

The statement by the Palestinian Central Council, the legislative body of the PLO, said the PLO leadership would "study all the consequences resulting from the Jordanian action, and take the necessary decisions and measures and hold the required contacts with Jordan."

In Israel, officials were divided over the meaning of the king's announcement, which appeared to rule out any peace plan in which the West Bank, or parts of it, could be returned to Jordan or confederated with it. King Hussein said he took the step to avoid hindering creation of a Palestinian nation.

On Middle East peace efforts, the statement affirmed support for an international peace conference, under United Nations auspices and with the participation of the five permanent members of the Security Council — the United States, the Soviet Union, Britain, France and China.

# PLO Vows to Take Over For King in West Bank

dan, the Arab and friendly states and international gatherings.

The statement was issued in the Baghdad, Iraq, after a two-day meeting of the council there. The council originally convened the session to consider the Palestinian uprising in the Israeli-occupied territories, now in its eighth month.

But King Hussein's announcement on Sunday overshadowed its agenda. The PLO's Executive Committee, or collective leadership, also met in special session under its chairman, Yasser Arafat.

King Hussein appeared to surrender Jordan's claim to the West Bank, which it held from 1948 to 1967, in repeating his recognition of the PLO as "the sole legitimate representative of the Palestinian people."

In Israel, officials were divided over the meaning of the king's announcement, which appeared to rule out any peace plan in which the West Bank, or parts of it, could be returned to Jordan or confederated with it. King Hussein said he took the step to avoid hindering creation of a Palestinian nation.

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# AIDS Risk to Uncircumcised Found

The Associated Press

**BOSTON** — Men who are uncircumcised have a much greater risk of contracting acquired immune deficiency syndrome during sexual intercourse with infected women, a study has confirmed.

The research, conducted in Kenya, suggests that the prevalence of some sexually transmitted diseases, the common use of prostitutes and the lower frequency of circumcision may help explain why AIDS has spread widely through heterosexual contact in parts of central Africa.

The research had been presented in part at several scientific meetings and was published in Thursday's *New England Journal of Medicine*.

While AIDS is transmitted mostly through homosexual encounters and shared drug needles in the

# AIDS Risk to Uncircumcised Found

United States and Europe, experts believe that it is largely a heterosexual disease in Africa, where up to one-quarter of sexually active adults in some cities are infected.

The study was conducted among men who caught sexually transmitted diseases from prostitutes in a Nairobi neighborhood where more than 85 percent of the prostitutes were infected with the AIDS virus.

Uncircumcised men were nearly three times more likely than circumcised men to be infected with the virus.

**Syringes for West Germans**  
*Agence France Press*

**COLOGNE** — Self-destructing syringes for drug addicts will be sold from vending machines in 15 cities of the West German state of North Rhine-Westphalia in a bid to curb the spread of AIDS.

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France	F.	1,800	1,000	600
Germany	D.M.	600	330	180
Great Britain	£	120	70	40
Greece	Dr.	25,000	14,000	7,000
Ireland	Ir.	190	110	60
Italy	L.	400,000	220,000	120,000
Luxembourg	L.F.	11,500	6,300	3,400
Netherlands	fl.	600	360	220
Norway	N.K.	2,700	1,500	900
Portugal	Esc.	25,000	14,000	7,000
Spain	Pes.	71,000	40,000	24,000
Switzerland	S.F.	45,200	25,200	12,200
Sweden	S.K.	2,000	1,100	650
Switzerland	S.F.	45,200	25,200	12,200
United States	\$	50	28	14
West Germany	D.M.	600	330	180
Japan	Yen	2,000	1,100	650

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(Continued from Back Page)

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Crown of Thorns starfish, with up to 23 arms, prey on coral polyps and can destroy a coral reef.

Crown of Thorns Starfish Plunder Pacific Reefs

By Michael Richardson International Herald Tribune

TOWNSVILLE, Australia — On a sunny day, the underwater coral of the Great Barrier Reef is a maze of brilliant color and fantastic shapes...

the outbreaks. Pollution, they note, is low along the Great Barrier Reef. Observations of reef fish eating the Crown of Thorns are rare...

SCIENCE

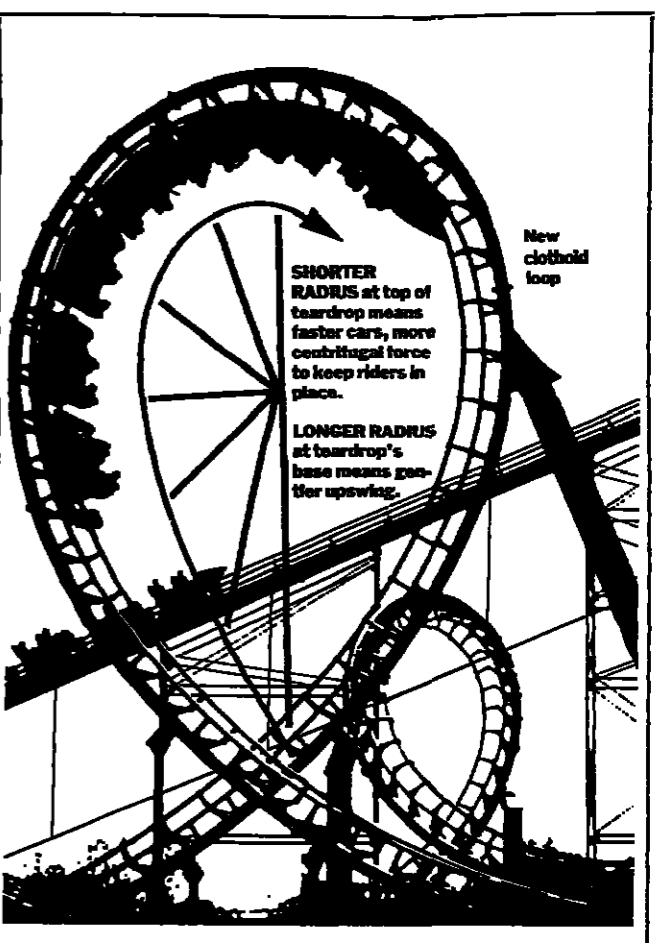
Roller Coaster: The Physics of Thrills

By William J. Broad New York Times Service

THE century-old terror machine known as the roller coaster is delivering new thrills as designers, drawing on a series of recent innovations...

former rocket scientist who designed the ride. Coaster fans agree. "Technology is creating the ability to send your body through more demented configurations than would have been dreamed possible 10 years ago..."

riders speed safely along the interior of the loop. The secret is the loop's changing radius, which controls the speed of the cars, varying it according to a scientific law known as the conservation of angular momentum.



The Shock Wave makes seven loops at speeds topping 70 mph.

Gone are the trial-and-error days when creating amusement rides was an informal affair that could end in accident or injury. Designers now rely on physics, computers, accelerometers, and a host of high-strength, high-technology parts and materials.

The new generation of coasters is so intriguing scientifically that high-school teachers are using it to elucidate basic physics. "High-tech rides have so many variations that you can illustrate more principles," said John H. McGehee...

This innovation allows vertical loops to be quite large because coaster cars will not lose as much of their energy at the top as they would in a circle. Designers say the coaster revolution is far from over.

In April, the trend saw its greatest refinement in the opening of the Shock Wave, a new ride at the Six Flags Great America amusement park in Gurnee, Illinois. The Shock Wave is billed as the world's tallest and fastest roller coaster.

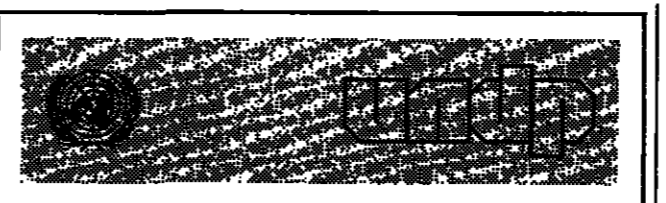
Riders are lifted almost 17 stories, carried at about 70 miles an hour (about 110 kilometers an hour) in a hefty drop, sent into a giant loop that turns them upside down, thrown into a "boomerang" that rapidly reverses their direction...

By 1900, the modern ride was born. The breakthrough of the 1980s has been the suspended coaster, in which speeding cars dangle from movable pivots hooked to steel tubes...

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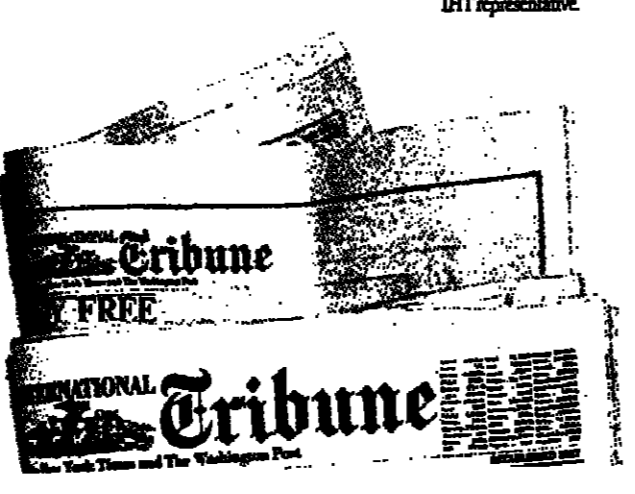
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NYSE Most Actives table with columns for stock symbols, volume, and price changes.

Market Sales table showing volume and price for various market categories.

NYSE Index table showing Composite, Industrial, and Finance indices.

Wednesday's NYSE Closing logo and text: 'Via The Associated Press'

AMEX Diary table listing stock symbols and their price movements.

NASDAQ Index table showing Composite, Industrial, and Finance indices.

AMEX Most Actives table listing top-performing stocks on the AMEX.

Dow Jones Bond Averages table showing yields and prices for various bond categories.

NYSE Diary table listing specific stock transactions and price changes.

Odd-Lot Trading in N.Y. table showing volume and price for odd-lot trades.

Dow Jones Averages table showing the main market indices.

Standard & Poor's Index table showing the S&P 500 index.

NASDAQ Diary table listing stock symbols and price changes.

AMEX Stock Index table showing the AMEX stock index.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Posts a Modest Advance

NEW YORK — Stock prices posted modest gains Wednesday in active trading on the New York Stock Exchange, extending the market's advance to five straight sessions.

The Dow Jones industrial average, which rose 0.71 point Tuesday, gained 2.85 to close at 2,134.07. It was the Dow's fifth consecutive gain and the longest winning streak since April 21 through April 27.

Advances led declines by a narrow margin. Volume totaled 203,591 million shares, up from 166,666 million traded Tuesday.

Broad-market indexes also edged higher. The New York Stock Exchange index rose 0.49 to 154.03. Standard & Poor's 500-stock index rose 0.92 to 272.98.

"On balance, when you consider the market has not given back any of the 75 points won last week, this is a pretty good performance," said Edward Nicolski, chief technical analyst with Piper, Jeffrey & Hopwood in Minneapolis.

"After some more churning," he added, "the resolution in the near term will be a move to new post-collapse highs. In the past few days the money flow into the market has become positive. However, people won't really be convinced until the market actually sets new highs."

Phil Erlanger, chief technical analyst at Advest Inc., said the market's timid performance since the surge late last week — the Dow jumped a total of 75 points Thursday and Friday — should not be viewed as a negative.

"This is good action. You move up and then you consolidate," he said. "The past few sessions have given the bears time to execute their sentiments. And they have had plenty of time to take this market down and have not been able to do so. Any surprises over the near term will be on the upside," Mr. Erlanger added.

Mr. Erlanger said that the market might "sprutter" along for a while because "there are as many bears as there are bulls. Even some of the bulls see a correction."

But, he added, "we are going to get through to new highs. There'll be some tugging and pulling all the way and it will be frustrating."

American Electric Power was the most active issue, down 1/4 to 28 1/2.

Insico Corp. followed, jumping 6/8 to 27 1/4, on reports of a possible leveraged buyout.

Union Carbide was third, up 1/2 to 24 1/2. IBM was unchanged at 125 1/4. AT&T was up 1/4 to 26 1/4.

Texas, ex-dividend, was up 1/4 to 47 1/4. Among the other active issues, American Express was up 1/4 to 30. Exxon was up 1/2 to 47 1/4. Gillette was up 1/4 to 36 1/4 and Ford Motor was up 1/4 to 53 1/4.

Prices closed slightly lower in slow trading on the American Stock Exchange.

Table A: NYSE Most Active Stocks (continued)

Table B: NYSE Most Active Stocks (continued)

Table C: NYSE Most Active Stocks (continued)

Table D: NYSE Most Active Stocks (continued)

Table E: NYSE Most Active Stocks (continued)

Table F: NYSE Most Active Stocks (continued)

Table G: NYSE Most Active Stocks (continued)

Table H: NYSE Most Active Stocks (continued)

Table I: NYSE Most Active Stocks (continued)

Table J: NYSE Most Active Stocks (continued)

Table K: NYSE Most Active Stocks (continued)

Table L: NYSE Most Active Stocks (continued)

Table M: NYSE Most Active Stocks (continued)

Table N: NYSE Most Active Stocks (continued)

Table O: NYSE Most Active Stocks (continued)

Table P: NYSE Most Active Stocks (continued)

Table Q: NYSE Most Active Stocks (continued)

Table R: NYSE Most Active Stocks (continued)

Table S: NYSE Most Active Stocks (continued)

Table T: NYSE Most Active Stocks (continued)

Table U: NYSE Most Active Stocks (continued)

Table V: NYSE Most Active Stocks (continued)

Vertical advertisement on the right side of the page, including 'FROM AUDIO EQUIPMENT', 'INTERNATIONAL M...', 'Financial Return', 'Sport Sponsorsh...', 'Curren...', 'Inter...', and 'Currency Deposits'.



THURSDAY, AUGUST 4, 1988

INTERNATIONAL MANAGER

Financial Returns Drive Sport Sponsorship Picks

By SHERRY BUCHANAN

LONDON — Chairmen often have expensive pet projects — witness the former chairman of Beatrice Cos., James L. Dutt. In 1985, he paid an estimated \$80 million in a five-year contract to fund Mario Andretti, the race-car driver. In 1986, after the food and consumer-products company went private, the new managers, who did not share Mr. Dutt's fondness for car racing, ended the sponsorship.

Given the large amount of money and risk involved, many senior executives are no longer putting corporate money into sports just to fund favored diversions. "I knew nothing about motor racing when I got ICI involved in the Grand Prix," said David Payne, a senior executive of ICI Fibers, a division of Imperial Chemical Industries PLC. "I targeted it because it was right for our products. It's important that people who are involved in sports sponsorship are objective, otherwise you end up with sports of interest to the senior executives in the company, and that's hard to correct."

ICI spends more than £2 million (\$3.42 million) each year on auto racing. There are full-time executives for sports sponsorship. They evaluate which sports their companies should be involved in each year, organize the marketing and promotion of the events, and track the return on their investments.

"In the past, we gave the Whitbread name but didn't get as much out of it as we should have done," said John Anson, finance director of Whitbread & Co. The British brewer has an estimated budget of £5 million to sponsor the Whitbread Round the World Race, an international yachting event scheduled for September. "This time, we are radically changing our position, creating a TV pool internationally and laying-off our exposure by recruiting subsidiaries."

According to the Sports Council on Sponsorship in London, British businesses spent £404 million on sponsorship and marketing last year. U.S. companies spent an estimated \$1.35 billion, according to Special Events Report.

SPONSORING sports, however, remains risky because, marketers said, it is difficult to measure the return a company gets on its investment.

Also, many things can go wrong. Athletes do not always do as they are told, and publicized drug-taking can generate bad publicity for a sponsor.

"There is always an element of risk in sponsoring a sport," said Derek Etherington of Sports Council in London. "First of all, there is the weather, then your team or athlete might perform badly. If you sponsor soccer, for instance, you must consider the element of risk before you do it."

A recent example of a major sports sponsorship that turned sour involved Blue Arrow, the British temporary employment agency. Blue Arrow had budgeted £9 million to sponsor the British entry to the America's Cup challenge, which is scheduled for September.

But it now appears that Blue Arrow will not be allowed to take part in the challenge. Recently, a New York court ruled that Blue Arrow, a British yacht, could not take part in the race.

Meanwhile, Peter de Savary, the managing director of the Blue Arrow syndicate, who has put up £1 million, has conceded that he cannot enter the race this year.

Nevertheless, Mr. de Savary has said he would still try to persuade Michael Fay, the New Zealand challenger, to accept the Blue Arrow. New Zealand had contested the design of the British yacht.

Aircraft Dispute Is Settled

Daimler's Role At Dornier Assured

By Ferdinand Protzman

FRANKFURT — Daimler-Benz AG and the Dornier family have reached an agreement allowing Dornier GmbH to proceed with the development of a mid-sized passenger aircraft, a Daimler spokeswoman said Wednesday. The agreement ends a lengthy dispute between the two companies about Daimler's plans for the aircraft maker.

The agreement effectively gives Daimler-Benz, West Germany's largest industrial concern, which has a 65.5 percent stake in Dornier, undisputed control over the aircraft maker, Daimler sources said. Daimler's plans to separate Dornier's aerospace activities from its other businesses had been blocked by veto rights attached to the Dornier family's 30.5 percent stake in the company.

Under the agreement, Daimler will pay 300 million Deutsche marks (\$161 million) into Dornier's cash reserves to finance the development of the 30-seat, DO 328 passenger aircraft. Work on the plane was abruptly halted on June 15, after the Dornier family blocked Daimler's plans to increase Dornier's capital.

The Dorniers claimed they could not afford to contribute to a capital increase, but at the same time did not want to lose their influence over the company.

The family also demanded that they be consulted on Daimler's plans to take a stake in Messerschmitt-Bölkow-Blohm GmbH, West Germany's largest aerospace company, which has been plagued with losses resulting from its 100 percent ownership of Deutsche Airbus GmbH.

Konrad Messerschmid, the head of the works council at Dornier's Munich plant, said that the agreement included a decision by the family to drop that demand. He also said that the 4 percent stake in Dornier currently held by the West German state of Baden-Württemberg would be sold to Daimler.

Industry analysts in Frankfurt said that the sudden shutdown of the DO 328 project had threatened Dornier's existence.



Scores of Hyundai Excel cars being loaded for shipment from South Korea to the United States.

South Korea Aims to Hit the Road U.S. Is Braced for a Sharp Increase in Auto Imports

By Warren Brown

DETROIT — South Korean car companies are planning to nearly triple the number of vehicles they make in a hard-driving campaign to capture a larger share of the global auto market.

That may be good news for consumers in the United States, who have found relief in the lower sticker prices on Hyundai Excels and other South Korean cars. But it sets off alarm bells in Detroit and in Washington, where union leaders and politicians are worried about a growing trade imbalance with South Korea and its effect on American jobs.

In an announcement this week that renewed those concerns, the South Korean Ministry of Trade and Industry said its four major automakers are developing the capacity to build 3.42 million cars and trucks by 1993, a 163 percent increase over the 1.3 million vehicles they plan to build this year.

Most of that extra capacity would be dedicated to export sales — and there is the rub, according to some U.S. political and auto industry officials. Nearly two-thirds of export

South Korean auto output is aimed at North America. And there is reason to think that the expanded capacity is headed toward the United States and neighboring countries, said Senator Donald W. Riegle Jr., Democrat of Michigan.

"This is a big problem that's

Seoul's plans may be good news for consumers in the United States, but they are setting off alarm bells in Detroit and Washington.

coming straight at us, and it's been coming for some time," Mr. Riegle said. "South Korea has a very aggressive export policy. This is going to be a major issue confronting the next president and Congress of the United States. They're going to have to

meet this challenge or face major disruptions in the U.S. economy." Japanese automakers, through exports to the United States and vehicles built on American soil, already hold nearly 30 percent of the U.S. auto market, according to industry figures.

The United States can ill afford that kind of market penetration by the South Koreans, particularly at a time when there is a glut of new cars in America, observers said.

Figures vary, but many auto industry analysts are predicting that by 1990, there will be three buyers for every four cars on sale in America.

"Obviously," said Peter Laarmann, spokesman for the United Auto Workers union in Detroit, "this would add to the overall glut of automotive products." He said South Korea has "indicated some sensitivity to trade frictions," but the latest report from Seoul "doesn't sound too sensitive."

The South Korean car companies, led by Hyundai Motor Co., probably will target the low-price end of the U.S. car market.

See KOREA, Page 11

2 Workers Tied To Insider Case Fired by Printer

The Associated Press

NEW YORK — The company that prints Business Week magazine fired two additional workers on Wednesday and a third employee resigned in connection with the widening scandal into possible illegal trading based on leaked stock tips from the publication.

The disciplinary moves by R.R. Donnelley & Sons Co. of Chicago came the same day as Advest Group Inc., the Hartford, Connecticut-based brokerage house, announced that a broker it had suspended in connection with the case had resigned.

In addition, the U.S. attorney for Connecticut said he had initiated an inquiry into a network of brokers and printing employees who allegedly used purloined Business Week "Inside Wall Street" columns as a basis for securities trades, the first criminal investigation of the scandal since it surfaced two weeks ago.

Donnelley, one of the nation's largest printers, said it had fired a previously suspended employee at its Torrington, California, plant and fired another worker at its facility in Old Saybrook, Connecticut, where a production worker had been dismissed earlier this week.

The company also said a Torrington worker had resigned in connection with its investigation into the leaks.

"This is not the way we do business," John R. Walter, president of the company, said in a statement.

"We have a long, proud tradition of protecting our customers' materials. Although a few employees violated the rules, we continue to have confidence in our more than 23,000 other employees."

Nevertheless, he said the investigation was continuing and that any others found to have violated the company's confidentiality rules would be dealt with severely.

The company refused to name the employees involved. In Hartford, an Advest spokeswoman, Martha Payne, announced the resignation of the suspended broker, Thomas Griffin. He had worked at Advest's office in New London, Connecticut.

That resignation brought to three the number of investment professionals who have been forced out of their jobs as a result of queries into suspicious Business Week-related trading.

Ms. Payne said that Mr. Griffin, who had been with the firm for five months, "tendered his immediate resignation as of late yesterday."

She would not say whether Mr. Griffin admitted involvement in the scandal.

Mr. Griffin was not in the New London office on Wednesday and he did not return messages left on his home telephone answering machine. Mr. Griffin's attorney, S.W. Bromson, was out of the office, his secretary said.

Ms. Payne said that no other Advest brokers were under scrutiny, but she did say that the firm was continuing to investigate the suspicious trading.

The U.S. attorney in Hartford, Stanley Twardy Jr., meanwhile, confirmed that he had asked the Federal Bureau of Investigation to investigate "any possible wrongdoing in Connecticut in connection with this matter." He refused to elaborate.

The developments came two days after Donnelley fired a production worker at the Old Saybrook plant for selling copies of Business Week to William Dillon, a Merrill Lynch broker who was fired last week.

In connection with the scandal, Prudential-Bache Securities Inc. also has dismissed a broker, Brian Callahan. He had worked in its office in Anaheim, California, near Donnelley's Torrington plant in the suburbs of Los Angeles.

A number of securities firms are being investigated in connection with the scandal, which surfaced July 21. On that date, Business Week, the nation's leading business weekly with a circulation of nearly 1 million, disclosed it was investigating suspicious trading of securities mentioned in "Inside Wall Street" before the magazine was publicly available.

The Securities and Exchange Commission and the nation's major stock exchanges also are investigating trades of securities mentioned in the column. Such activity is regarded as fraud under federal securities laws.

The New York Times quoted unidentified sources as saying an unnamed California investor who holds seven trading accounts at brokerages is also under investigation in the case.

Currency Rates

Table with columns for Currency, Par \$, and Aug. 3 rates for various international currencies.

Chasing in London, Tokyo and Zurich, flings in other centers. New York closing rates. Commercial banks: T to buy one pound; C to buy one dollar; \*\* Units of 100; N.G.: not quoted; N.A.: not available.

Table with columns for Currency, Par \$, and Forward Rates for various international currencies.

Source: Reuters Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAI (Geneva); Credit Suisse (Geneva); Other data from Reuters and AP.

Interest Rates

Table with columns for Eurocurrency Deposits, 1 month, 3 months, 6 months, 1 year, and 30-day rates.

Table with columns for Key Money Rates Aug. 3, United States, Federal funds, and other rates.

Table with columns for U.S. Money Market Funds, Merrill Lynch Bond Assets, and 30-day average yield.

Table with columns for Gold, A.M., P.M., and O.N. prices for various gold-related items.

Economists Criticize Fed on Unaggressive Monetary Policy

By Sarah Bartlett

NEW YORK — With new statistics showing that the U.S. economy is still growing solidly, many economists are criticizing the Federal Reserve Board for not acting aggressively enough to tighten monetary policy.

They have expressed the concern that, without some slowdown in economic growth, inflation will worsen and strong consumer demand will cause imports to rise, leading to a further deterioration in the nation's trade deficit.

Ultimately, they said, the result could be turbulence in the bond market and sharply higher interest rates later this year.

"Our main problem now is that our economy is growing much too fast," said Lyle E. Gramley, a former Fed governor who is now the chief economist at the Mortgage

Bankers Association of America. "It must slow down or we're going to have serious trouble."

"The Federal Reserve is now behind the curve," he said.

Concerns like these have reawakened criticism in some corners that the Fed chairman, Alan Greenspan, is overly fearful of upsetting the stock market, which collapsed last October just six weeks after the Fed raised the discount rate.

Others suggest that the Fed's board, now made up entirely of Reagan appointees, may be reluctant to raise interest rates so close to the presidential election.

Whatever the rationale, credit market experts began to grow uneasy about Fed policy after Mr. Greenspan testified before Congress in mid-July. At the time, he said the Fed was assuming an economic growth rate of 2.75 to 3 percent for the year.

That outlook was one reason

why Mr. Greenspan hinted that he did not expect to have to raise the discount rate, the interest the Fed charges on overnight loans to banks, anytime soon.

But economists said that since the growth in the gross national product in the first half of the year was a strong 3.4 percent, the only way that Mr. Greenspan's estimate could hold true was if growth in the second half slowed to 2 to 2.5 percent.

Many economists thought that such paltry growth was highly unlikely. "Such a slowdown will not occur in the immediate future," said Donald H. Straszheim, an economist at Merrill Lynch & Co.

"The Federal Reserve is apparently guiding itself by an unrealistically low GNP forecast," said Eugene J. Sherman, chief economist of the Federal Home Loan Bank of New York.

Tuesday's economic statistics in-

cluded a strong rise in the index of leading indicators, an increase in new-home sales and a sharp rise in factory orders. None of the data suggested that a slowdown is in the works, and some economists were convinced that Mr. Greenspan has erred by not raising the Fed's discount rate.

"He should have done it in July," said Paul Getman, director of financial services at the WEFA Group, an economic forecasting firm in Philadelphia. "Why he has to wait for more numbers to come in is beyond me."

Not everyone shared this view. Some economists contended the Fed has already restricted the supply of money to the economy. They noted that the federal funds rate, the interest rate that banks charge each other for overnight funds, has risen to around 8 percent in recent days, up from 6 percent in March.

But Mr. Getman was skeptical.

"The Fed's tightening this year has really been very mild," he said. He maintains that the Fed has undercut the effect of the rise in the Fed funds rate by keeping its own discount rate at 6 percent and allowing banks to borrow amply at that lower rate.

In his mid-July testimony, Mr. Greenspan defended the spread of nearly two percentage points that has recently developed between the discount and fed funds rates. He said that the gap was normal if considered in a historical context.

Mr. Getman criticized Mr. Greenspan's analysis. "He was being a little disingenuous," Mr. Getman said, arguing that Mr. Greenspan's point only holds true if the gap is compared to a period six or seven years ago, when the economy was at the tail end of an expansion

See FED, Page 13

Bundesbank Funds Injection Calms Troubled Money Market

Reuters

FRANKFURT — Calm returned to the tense West German money market Wednesday after the Bundesbank allocated 24.2 billion Deutsche marks (\$13 billion) at its latest securities repurchase tender.

Call money eased to 4.8 to 4.9 percent from an effective ceiling of 5 percent, dealers said.

The injection by the central bank was the largest in at least 20 months and suggested to many monetary analysts that the Bundesbank will now try to hold monetary policy fairly steady during the rest of the summer unless the mark falls sharply again.

An unusually weak mark has led to a series of gradual rises in West Germany's market and official interest rates since the end of June.

The most recent rate rise came Tuesday morning, when the Bundesbank raised the fixed rate on a new securities repurchase tender to 4.25 percent from 4 percent, the fourth quarter-point rise in six weeks.

The move was widely expected by market operators, who were far more interested in the amount of 29-day funds the Bundesbank would provide to an increasingly illiquid market than how much it would cost them.

Many dealers had been hoping for an injection of 25 billion DM, or more, to offset the expiry of an earlier 20 billion DM facility and the Bundesbank's recent intervention in the currency market.

But monetary analysts said Wednesday that the 25 billion DM expectation had probably been on the high side, in light of the Bundesbank's apparent decision not to intervene overtly in the open currency market or even at the fixing session since Friday.

"The lack of intervention is significant for two reasons," said Giles Keating, European economist at Credit Suisse First Boston in London. "First, it suggests the mark is not under so much pressure and perhaps intervention and higher rates are having an effect. Secondly, it means marks are not being drained from the money market," he said.

"With this in mind," said Mr. Keating, "the 4.2 billion DM net injection today would even appear to be generous."

Many money dealers, who are gearing up for the settlement of a new federal government bond and the midmonth tax payment period in coming weeks, tended to be more grudging in their praise of the Bundesbank's provision of fresh liquidity.

A dealer at a medium-sized West German bank said, "The Bundesbank has met our needs for now — no more, no less. This means rates are not necessarily headed higher at the moment."

A senior dealer at a large U.S. bank added that "the allocation was as expected," pointing out that banks are quite well supplied with funds at present and "call money could go a bit lower, but not today and probably not below 4.7 percent."

Dealers and analysts agreed that future market rate trends will closely track the fortunes of the mark. The mark gained slightly against the dollar in London, with the U.S.

currency falling to 1.8755 DM from 1.8760. If short-term bullishness pushes the dollar up to and beyond the 11-month high of 1.8930 DM, set in mid-July, renewed central bank intervention and official rate rises seem likely, they said.

Although it would be almost impossible for the discount and Lombard rates to be raised again before the Bundesbank council reconvenes on Aug. 25, new repurchase tenders are scheduled for Aug. 10 and 24.

Such fears were perhaps mirrored in period rates. One-month funds eased to 5 to 5.05 percent from 5.15 to 5.2 percent, but were still well above the new repurchase rate of 4.25 percent. Three-month money held at 5.2 to 5.3 percent and six-month at 5.4 to 5.5 percent.

Banks held 57.4 billion DM at the Bundesbank on Monday, the first day of the new month. No drawdowns from the Lombard emergency financing facility were required Tuesday.

Japan Presses Control Over Inside Trading

The Associated Press

TOKYO — Following a series of stock scandals, officials of the Japanese Finance Ministry said Wednesday that a new law giving authorities greater surveillance powers over stock deals could be gradually implemented beginning this month.

Criminal punishment clauses will take effect next April, the officials said.

Although the ministry gave no reasons for speeding up implementation of the Revised Securities and Exchange Law, securities and legal experts said that growing public attention to recent stock scandals spurred the decision.

The most noted of these involved aides to top politicians who reportedly bought shares of the Recruit Cosmos real estate company before public trading began and made substantial profits.

There is skepticism about the impact of the legislation on insider trading, which experts said was common in Japanese stock dealings.

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DP America Growth Fund Weekly net asset value on 29-7-1988 U.S. \$22.47 Listed on the Amsterdam Stock Exchange

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DP Energy Resources Growth Fund Weekly net asset value on 29-7-1988 U.S. \$33.77 Listed on the Amsterdam Stock Exchange

PERMAL-DRAKKAR GROWTH N.V. 15 PIETERMAAL CURACAO NETHERLANDS ANTILLES On 20th June 1988, the Annual General Meeting of Shareholders approved the recommendation to change the corporate name of DRAKKAR INVESTMENT FUND N.V. to PERMAL-DRAKKAR GROWTH N.V. with effect on 30th June 1988.





Wednesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High/Low, Div. Yld. PE, % High/Low, Close, Chg. Over. Lists various stocks and their performance.

Table with columns: 12 Month High/Low, Div. Yld. PE, % High/Low, Close, Chg. Over. Lists various stocks and their performance.

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Table with columns: 12 Month High/Low, Div. Yld. PE, % High/Low, Close, Chg. Over. Lists various stocks and their performance.

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Large advertisement for J.B. Rare Scotch Whisky. Features a large image of a whisky bottle and the text 'Join the circle.' and 'The finest hotels in the world offer...'

Floating-Rate Notes

Table listing floating-rate notes with columns: Issuer/Mat., Coupon, Next, Bid, Asked. Includes entries for various banks and financial institutions.

Deutsche Marks

Table listing Deutsche Marks with columns: Issuer/Mat., Coupon, Next, Bid, Asked. Includes entries for various banks and financial institutions.

Pounds Sterling

Table listing Pounds Sterling with columns: Issuer/Mat., Coupon, Next, Bid, Asked. Includes entries for various banks and financial institutions.

Japanese Yen

Table listing Japanese Yen with columns: Issuer/Mat., Coupon, Next, Bid, Asked. Includes entries for various banks and financial institutions.

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Advertisement for Wednesday's OTC Prices. Text: 'Wednesday's OTC Prices...'

CURRENCY MARKETS

Dollar Drifts in a Becalmed Market

Compiled by Our Staff From Dispatches NEW YORK — The dollar closed narrowly mixed against major currencies Wednesday in thin and generally featureless trading, as the market awaited the release Friday of U.S. employment statistics.

Traders said they expect the employment numbers for July to show strong growth of between 200,000 and 300,000 new farm jobs.

"We're expecting decent numbers," said Carmine Rotondo of Security Pacific International Bank. "I think the market is positioning itself and should move up during the week. As we get closer to the number, people will start buying dollars."

Don Quandt, corporate adviser Harris Bank in Chicago, said that "corporate players have been pretty much on the sidelines and it looks like the dollar is still pretty well underpinned, but the underlying sentiment is still bullish on the dollar."

Analysts said the dollar could push beyond the 1.90 Deutsche mark level if the employment figures are in line with expectations.

The dollar eased slightly to 1.8755 DM at the close in New York, from 1.8765 at the start of the day. It also finished lower against the yen, at 132.775 against 132.975. The dollar was unchanged at 1.5630 Swiss francs but declined to 6.3240 French francs from 6.3285.

The British pound rose to \$1.7100 from Tuesday's \$1.7070.

In London earlier, the dollar finished barely changed after dull trading, and dealers said they expected more of the same Thursday.

Lack of fresh market factors and lingering fears of central bank intervention sidelined many traders and becalmed London dealing rooms. "Today was like yesterday, like Monday — so quiet it's like a holiday," said a senior dealer with a British bank.

"The central banks are sitting at

London Dollar Rates

Table with columns: Currency, Bid, Ask, and Source: Reuters

Dealers said that, if the economy keeps expanding strongly, the Federal Reserve Board, the U.S. central bank, might raise interest rates to dampen the risk of inflation.

Sentiment for the dollar remains generally bullish, they pointed out, in the expectation that U.S. monetary policy will stay tight toward this end.

But the dollar's attempts this week to break through the 1.88 DM point have been unconvincing, and with central banks threatening to intervene, dealers have settled back to wait for fresh news.

"People are looking for something solid to trade off," said a British bank dealer.

"The game plan appears to be a holding pattern and technical range trading until we see the employment data on Friday," said Charles Spence of First Interstate Bank.

The market was also awaiting the announcement later Wednesday on the size of the August Treasury securities auction, though no surprises that would upset the market were expected.

Dealers said that the dollar endured mild profit-taking in early trading.

(Reuters, UPI)

U.S. Refunding Will Not Offer 30-Year Bonds

WASHINGTON — The Treasury on Wednesday announced details of a \$22 billion quarterly debt auction for next week that will not include a 30-year bond because the agency has nearly exhausted its authority to issue the securities.

The auction will pay off \$14.8 billion of maturing securities. It will also include a 248-day cash management bill to avoid the usual April cash surplus from tax payments.

Charles Sethness, assistant Treasury secretary, said the government also plans to raise \$7.2 billion in new cash with the notes. Because Treasury has used practically all its authority to issue 30-year bonds, the quarterly borrowing plan will not include a bond issue, Mr. Sethness said.

The securities to be offered are \$11 billion in 3-year notes, \$11 billion in 10-year notes, and \$7 billion in cash-management bills to mature April 20, 1989.

Debt-Laden Iraq is Seen Seeking Fresh Credits

BAHRAIN — Iraq has become one of the Third World's most heavily indebted nations following eight years of war, but President Saddam Hussein is expected to launch a new drive for Western credits if a cease fire with Iran is agreed, analysts said Wednesday.

Economists and political analysts said that Western governments may be ready to expand credit lines in a bid to boost political influence in post-war Baghdad and support their companies competing for contracts to reconstruct the shattered economy.

But Iraq's record of late payments and a history of rescheduling will temper any enthusiasm, they added.

"If the war ends, the Iraqis will go down the road of asking for more credits and will hold out the carrot of lucrative contracts for companies," said a Middle East political analyst.

"It will be hard to resist," this analyst added, "particularly if influence can no longer be won with day-to-day arms contracts."

Iraq was one of the Gulf's richest oil producers at the turn of the decade, with foreign reserves put at \$20 billion. Now it has become a major debtor and owes foreign governments, banks and companies an estimated \$65 billion.

That is \$10 billion more than Argentina's debt and by far the biggest in the Middle East.

But although Iraq's debt is 10 times more than that of Iran, analysts believe that Western nations cannot afford to overlook militarily strong, oil-rich Iraq and the possibility that it may re-emerge as a major Middle East power.

Some \$30 billion of Iraq's debt is thought to be owed to its main financial backers in the war, Saudi Arabia and Kuwait. Commercial banks in major Western nations were owed \$47 billion at the end of 1987, according to figures collated by the Bank for International Settlements.

The analysts estimate that Western governments' export-credit

agencies have guaranteed as much as \$15 billion.

The debt has financed huge arms purchases, building Iraq's Soviet- and French-equipped air force into one of the most powerful in the region and supplying a 1-million-strong army which now boasts about 6,000 tanks most of them Soviet.

But if current negotiations at the United Nations halt the fighting, Iraq will need billions of dollars to rebuild its oil and other industries.

Settlement of shipping rights in the disputed Shatt-Al-Arab waterway would unlock a \$3 billion development scheme for the Basra port region and revive plans to build offshore oil terminals to export crude through the Gulf.

Oil output, now at 2.7 million barrels a day — the second-highest level within the Organization of Petroleum Exporting Countries after Saudi Arabia — is not seen as sufficient to finance reconstruction at a time of weak world oil prices.

Economists say that Iraq is keeping bridges open to its main credit

tors, avoiding major rescheduling and granting special treatment to those considered most important.

France, as a major arms supplier, the United States, as a grain exporter, and Britain, as a driving force behind recent UN attempts to impose a weapons embargo on Iran, have all found that repayments on government-backed debt are more or less punctual.

"There is a strong lobby within the U.S. State Department that says Iraq has a great deal of economic potential and that since the United States will not play a role in supplying weapons, one way of gaining influence will be through trade," said one analyst.

Iraq may also want to reduce dependence on the Soviet Union and its Gulf allies and turn more to the West, analysts said.

Baghdad may have no choice if Saudi Arabia and Kuwait, themselves cash-strapped, decide to cut back on aid.

West Germany, whose heavy-engineering and building firms gained a foothold in Iraq during

the oil boom years, approved a 300 million Deutsche mark (\$161 million) credit line early this year.

An Economics Ministry spokesman in Bonn said that punctual repayments in recent months had allowed Hermes-Kredit-Versicherung, the export credit office, to release 100 million DM of cover in February, with a second tranche for the same amount approved but not yet taken up.

An official at the French government export-credit insurer, COFACE, in Paris said its position on future export credits was one of "wait and see."

Japanese banks are being asked to agree a new rescheduling of letters of credit, 15 months after signing a deal to delay repayment on 50 billion yen (\$377 million) of debt.

Economists expect Iraq initially to try to extend official credit lines. Baghdad knows that banks, which have already rescheduled three Eurocredits, will be reluctant to offer direct finance without government guarantees.

A Full OPEC Meeting Is Ruled Out for Now

LAUSANNE, Switzerland — Riwan Lukman, president of the Organization of Petroleum Exporting Countries, said Wednesday that the cartel's price monitoring committee would not call a full emergency OPEC ministerial meeting before the next scheduled session, in November.

Oil prices have been falling in recent weeks amid widespread reports that there is an oversupply of oil worldwide and that there is discord in the cartel because some members are not observing their quotas. This has led to speculation that OPEC would call a full meeting, which would result in some firm action.

At the close on Wednesday of a one-day meeting of the price panel, Mr. Lukman said that no emergency

meeting would be called and that no further price committee meeting had been set. The five-member pricing committee of OPEC had met to discuss the sagging oil prices.

Combined daily output by the 13 members of the oil cartel is estimated at about 19 million to 19.5 million barrels a day, which is 1 million to 1.5 million barrels more than the market is said to be able to absorb.

The pricing committee of OPEC, which is meeting in Switzerland, is made up of oil ministers from Algeria, Indonesia, Nigeria, Saudi Arabia and Venezuela.

Saudi Arabia, whose cash reserves have dwindled with oil prices, is unlikely to cut its petroleum output even if the Gulf war ends and OPEC production increases, U.S. analysts said.

"Their desire to maintain market share is not just a matter of today's revenues; it is a strategic, long-term survival issue with them," said Vanhan Zanoany, senior director of Petroleum Finance Co. "They cannot sit it fall below a certain threshold."

Iraq, Saudi Arabia's ally, and Iran are widely expected to raise oil output to rebuild war-torn economies once a cease-fire in their dispute is declared, a move that would weaken oil prices.

U.S. analysts said they believed that Iran and Iraq each have the potential to pump an additional 2 million barrels per day once the war ends.

OPEC's secretary-general, Subroto of Indonesia, put the cartel's overproduction at around 800,000 barrels a day. (UPI, Reuters)

FED: Economists Find Monetary Policy Unaggressive

(Continued from first finance page) and the Fed had more reason to be accommodative.

"The average spread between the discount rate and the fed funds rate is at its highest level for the past three or four years," he said.

As further evidence that the Fed has been overly accommodative, some economists also point to the continued growth in credit demand.

Loans to commercial and industrial customers by United States banks have grown by \$22 billion in the first five months of this year,

about twice as much as in all of 1987.

Consumer borrowing has also increased substantially, with home equity loans in particular increasing about 40 percent in the second quarter, according to Mr. Strazheim of Merrill Lynch.

A rise in consumer borrowing tends to feed an increase in consumer spending, which can easily translate into increased purchases of imported goods and a worsening trade deficit.

Mr. Getman said he thought Mr. Greenspan has been slow to raise the discount rate because the stock

market collapsed after last September's increase. "I think he's gun shy," Mr. Getman said.

Other economists note that the presidential elections are coming up. But Mr. Sherman, of the Federal Home Loan Bank of New York, warned that the markets might push up interest rates if they perceive that the Fed is delaying a tighter monetary policy because of politics.

And the longer it takes, the more abrupt the tightening will have to be to regain the confidence of the markets, Mr. Sherman said.

Wednesday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in the market. It is updated twice a year. Via The Associated Press.

Main OTC price table with columns: 12 Month High, Low, Stock, Div., Yld. PE, 52 High, Low, 4 P.M. CHG, Net

OTC price table section with columns: 12 Month High, Low, Stock, Div., Yld. PE, 52 High, Low, 4 P.M. CHG, Net

OTC price table section with columns: 12 Month High, Low, Stock, Div., Yld. PE, 52 High, Low, 4 P.M. CHG, Net

OTC price table section with columns: 12 Month High, Low, Stock, Div., Yld. PE, 52 High, Low, 4 P.M. CHG, Net

OTC price table section with columns: 12 Month High, Low, Stock, Div., Yld. PE, 52 High, Low, 4 P.M. CHG, Net

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. When a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

The Global Newspaper. Includes a globe graphic and text: The Global Newspaper.



هكرامن النهر

SPORTS

Red Sox Still Safe at Home

Compiled by Our Staff From Dispatches
BOSTON — Mike Greenwell hit a first-inning grand-slam home run Tuesday night to spark the Boston Red Sox to their 21st consecutive home victory, 7-2 over Texas.

Three first-inning runs, Paul Molitor homered and the Brewers ended a scoring drought with a 15-hit attack that swamped New York. Milwaukee had averaged only 2.9 runs a game during a recent 1-7 road trip.

defending league champions into last place in the Eastern Division. Palmer walked two and struck out six in his first shutout of the season. Ozzie Smith was the only Cardinal runner to get as far as third base.

BASEBALL ROUNDUP

hit two home runs to help Jim Clancy (5-11) coast to his first victory since June 23.

White Sox 7, A's 5: In Chicago, Steve Lyons had three hits and drove in two runs and Carlton Fisk and Steve Lyons had two RBIs apiece as the White Sox ended a five-game skid.

Angels 10, Mariners 2: In Seattle, Chili Davis highlighted a four-run first with a two-run triple and California romped to its 11th straight road victory. Chuck Finley (6-9) won for the first time since June 29.

Orioles 5, Indians 2: In Baltimore, Ken Gerhart, a last-minute starter when Cleveland changed pitchers just before game time, doubled to spark a four-run third inning that helped the Orioles snap a three-game losing streak.

Phillies 2, Cardinals 0: In the National League, in St. Louis, David Palmer allowed one hit, a leadoff single in the sixth by rookie Tim Jones, as Philadelphia dropped the

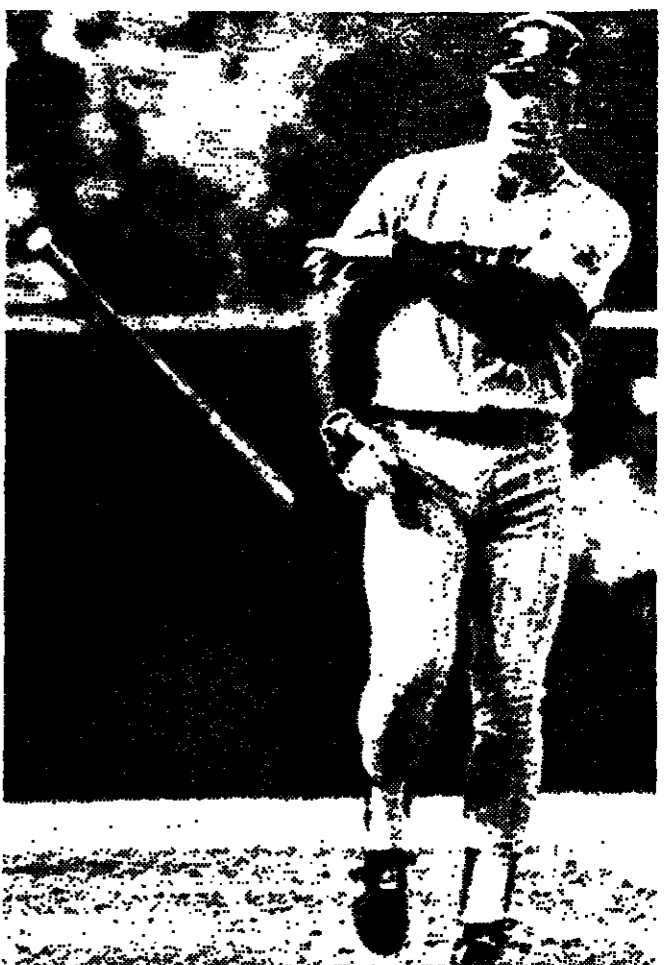
Pirates 3, Expos 2: In Pittsburgh, Barry Bonds and Jose Lind delivered run-scoring singles in the 10th after Rex Hudler's first major-league homer had given Montreal a 2-1 lead in the top of the inning.

Padres 4, Braves 1: In San Diego, Eric Show, backed by home runs from John Kruk and Stan Jefferson, pitched his sixth complete game of the year and sent Atlanta to its eighth straight defeat.

Astros 13, Giants 10: In San Francisco, Buddy Bell hit a three-run homer after Terry Pugh's single had broken an eighth-inning tie as Houston ended a six-game Giant winning streak. Bill Doran paced the winners' 18-hit attack by going 4-for-5 with a grand slam.

Dodgers 2, Reds 0: In Los Angeles, Tim Lincecum registered his league-leading fifth shutout and Kirk Gibson had three hits, including a run-scoring double.

(UPI, AP)



Gary Gaetti of the Twins was none too pleased at being called out on strikes with a runner at second to end the fourth inning in Toronto.

Pitcher for U.S. National Team Keeps Doing It — One-Handed

By Thomas Boswell

WASHINGTON — Face it. A kid born with one hand deformed is never going to pitch in the big leagues. It was a nice fantasy. Everybody loved Jim Abbott when he won the '87 Sullivan Trophy as the country's top amateur athlete, but now he's pitching to grown men.

Obviously, international competition bothers Abbott a lot. Take him out of the small pond of college baseball (he was 26-8 at Michigan and last month became a No. 1 draft choice of the California Angels), and the truth starts to come out. Facing Cuba, Japan and Taiwan — whose teams' average age is about 28 — we've seen a much different Abbott for two summers.

Last year, he had an earned-run average of 0.00 in three appearances in the Pan American Games. He also became the first U.S. pitcher to beat Cuba in Havana in 25 years.

This summer, the U.S. national team of Olympic-bound collegians is barnstorming. As usual, Abbott isn't exactly getting his ears pinned back. He gave up a total of four hits in his first three outings. His ERA through five appearances is 2.25. He has won three times without a loss.

Just when you think Abbott has surpassed all national expectations, he moves up a level — and gets better.

Says Olympic Coach Mark Marquess: "They told me Abbott was the all-American boy, almost too good to be true. But he's surprised me. He's better than that. If a person can be... As a pitcher, I expected him to be a polished left-hander. What I didn't know is that, right now, he's the hardest thrower on my staff. The hitters aren't afraid of him. He brings it too hard."

Once upon a time, being America's best Olympic pitcher meant Little League. But after the '84 Olympic team sent Willie Clark, Mark McGwire, Cory Snyder, Barry Larkin, B.J. Surhoff, Mike Caruso and others to the majors in a hurry, the Olympic team has Grade A pedigree. So far this year, Abbott and second baseman Ty Griffin of Georgia Tech (batting 56-6) have been the showstoppers on a solid 19-3 squad.

To understand Abbott, it helped to watch him on a broiling hot day recently in a small town in the foothills of the Shenandoah Mountains. He wasn't scheduled to pitch, but the grandstand was SRO (in Hagerstown, Maryland, that's 6,500). Abbott headed to the bullpen to do some work. Others think he's almost the finished product. He thinks he's only half there.

"You learn to do what they force you to learn," he said. "When I went to Michigan, I just had a fastball. Then a curve. I added a cut fastball — my slider. Now I'm working on a straight change-up and slow curve. And I know I have to learn to pitch inside. That's the big thing."

In college, with aluminum bats, low and away is the key location. In pro ball, with wooden bats and a generation of Jose Canseco who feed off any pitch that lets them extend their huge arms, the inside corner, especially for a left-handed pitcher, is the heart and soul of success.

"It's totally different," said Abbott. "You gotta hit some people. In Japan [on a five-game tour last month], I hit a guy flat in the face. I'd never done that before. But I have to get over it. It's part of the game."

In the bullpen, dust hung heavy in the air, the catches didn't want to crouch and even the billboards seemed to shimmer in the heat. Abbott worked through his entire repertoire, throwing almost machine-gun fast. Fastballs and sliders — in, down and in, and then far enough inside that you could see imaginary hitters skipping rope, sucking in their guts, diving under the low bridge.

Abbott has had to overcome a lot, so if hitters have to overcome some heat in their kitchens, the 6-foot-3, 200-pound (1.90-meter, 90.7-kilogram) kid with the choirboy face might not mind as much as you'd think.

Abbott's glove stayed on his stump of a right hand, inches from where his left hand ends his balanced follow-through. If a batter had been at the



Jim Abbott, staying loose by bouncing a ball off his right hand, is known as "an average fielder."

plate, Abbott would have plucked it off and put it on his left hand in one motion after every pitch. He has done so so quickly and smoothly for so long that some fans barely notice the handicap.

"He's an average fielder," says Marquess. "I expected below average. They bunt on him, he throws them out. Next case."

It's the line drives through the box that scouts worry about. "That question grinds at you," Abbott said. "I'll do the best I can. I think I can protect myself."

These days, Abbott is a 20-year-old in a sweat-box laboratory. The U.S. national squad plays a schedule that would exhaust any minor league team. Six-hour bus rides, 12-hour flights to and from Japan, seldom two nights (and never three) in one town. "Is this how the U.S. Olympic basketball team travels?" asked Abbott.

He and his teammates are meeting real baseball this summer, not college ball with training tables and more days off than games. The question isn't, "Can you play?" It's, "Can you play every day? Play exhausted? Depressed? Some are chewed up, and some eat it up."

So far, and it's early, Abbott seems to like the learning process. But the summer will seem interminable, and sometimes demoralizing. Sure, the nationals were 2-3 in Japan and have crushed Taiwan, 6-0, back home. But those seven straight games in August with Cuba, then the world championships in Italy (with Cuba on hand again) in early September, will be man-sized work. "Cuba is better than some major league teams," said Marquess. "No question."

By deep September, when the United States plays the first of five games that could win it an Olympic exhibition-sport title, this team — and Abbott — will either be worn to a frazzle or part-way to grown up.

Many questions will be asked about the U.S. Olympic team. But no one will face as many as Abbott, who has fascinated baseball fans with a unique personality and a unique liability.

Some athletes seem to keep company with a special attitude that seeks them even as they pursue it. Abbott, for example, has the inside track on the first-game Olympic starting assignment. The date is Sept. 19; he has until then to finish becoming a man at his game. Sept. 19 is also his 21st birthday.

Sabonis, Soviet Giant, Heads Home on Maneuvers

By George Vecsey



Arvidas Sabonis. "I will believe it only when I sign."

NEW YORK — Arvidas Sabonis has no fear of the giants of the National Basketball Association, not of their elbows, not of their aerodynamics, not of their poise. But back in the Soviet Union there are men of more modest size who worry him.

"Maybe I will be strangled," he said.

Who would strangle a man like Sabonis, who makes companions laugh with his jokes in Lithuanian? Who would even try to strangle a man like Sabonis, who stands 7-foot-3 1/2 (2.22 meters)? "Maybe they are not so tall in size, but they are great," Sabonis said at a luncheon here Tuesday.

He was wisecracking his way toward Friday's return flight to the Soviet Union, where he and his personal Lithuanian doctor will argue that Sabonis has not recuperated enough to play for the Soviet Union in the Summer Games in September, but that he will be strong enough to play for the Portland Trail Blazers in November.

Back in the Soviet Union, somebody on the other side of a desk is

quite likely to offer a package visa — one trip to Seoul, one trip to Portland, no changes in itinerary. The alternative might be a season of intramurals in the Gulag League.

There are reports that David Stern, commissioner of the NBA, is close to arranging a deal for Sabonis to play in Portland.

"I will believe it only when I sign a contract with a pen," Sabonis said. He just might be the best basketball player in the world today, were it not for two operations on his Achilles' tendon in the past two years. He is 23, broad and solid, and moves and shoots like a forward eight inches shorter.

For the past three and a half months, Sabonis has been rehabilitating his legs in Portland, courtesy of the Trail Blazers, who wisely drafted him several years ago.

That Sabonis is residing in a suitably appointed apartment in Portland, driving an Eagle Jeep at recorded speeds of up to 90 mph (145 kph) — he talked the speeding fine down from \$160 to \$60 — is indicative of a new spirit of cooperation between the United States and the Soviet Union.

Glasnost goes just so far. Sabonis

does not mind emphasizing that when the offer from Portland arrived, Soviet officials "did not say anything. They did not help me. But they did not stop him, either."

In this period of openness, a Soviet athlete could laugh openly as Mike Fratello, the coach of the Atlanta Hawks, just back from a three-game, two-victory trip to the Soviet Union, recalled his team's complaints about the rudimentary quarters not far from the Iranian border, or the white clouds of smoke from the rudimentary air conditioning in the Aeroflot plane.

Sabonis is comfortable about saying 41 road games in the NBA would be easier than 20 games on the road in the Soviet Union. He noted, "We always told jokes — they just weren't as loud."

Part of his independence comes from being a Lithuanian who insists he does not speak Russian and has been known to correct Americans who blithely call him "a Russian." Asked if he lives in Moscow, Sabonis said, "Where you were born, this is where you live, and I live in Lithuania."

He lives in Kaunas, a city known for its nationalism, an hour and a

half from the more integrated capital of Vilnius. His two operations were performed there by Dr. Kestutis Vitkus, an orthopedic microsurgeon, and his father, Dr. Metchislov Vitkus, a cardiovascular surgeon.

After the first operation, there was open criticism of the medical care from Aleksandr Gomelsky, the Soviet coach. Kestutis Vitkus, who speaks English quite well and has been supervising Sabonis's rehabilitation in Portland, said of Gomelsky, with no slight bitterness: "He didn't see the operation or the post-op care. Nothing. He was not part of it."

When Sabonis reinjured the ankle running up stairs to answer the telephone, a second operation was performed in Vilnius. The Trail Blazers offered a trip to the United States for a second opinion.

The younger Vitkus admits he was proud and relieved to hear several U.S. doctors say the operation was fine. The doctor said the player could have received sound rehabilitation in Vilnius or Moscow, but that Portland happened to make the offer.

The player said he was three months away from being able to compete and the doctor added, "The operation is fine, but he might damage the rest of the ankle because it is so weak."

Vitkus, who is returning to his family and his medical practice, said that a professional career for Sabonis would "give great pride to Lithuania," where Sabonis is perhaps the most popular celebrity.

The player makes no secret of wanting to play in the NBA. He was intimidated when, at 16, he played against Ralph Sampson, but then he watched the NBA playoffs this spring in person and by television, and said Tuesday, "If I started, I do not stop." The money, he said, does not matter.

John Thompson, coach of the 1988 U.S. team, has said "it just isn't right" for the United States to give personalized medical care to a basketball star from a competing country. Said Stern: "Coach Thompson is a coach but I'm glad he's not our secretary of state, conducting our foreign policy."

If there are hard-liners comparable to Thompson in the Soviet sports bureaucracy, Sabonis and Vitkus may have some spirited conferences in the next week. If Sabonis re-emerges, Akem Olatunwo will never seem that tough.

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VANTAGE POINT/Tony Kornheiser

Lewis Super-Confident of Making History

Washington Post Service

NEW YORK — A conversation with Carl Lewis continues, after a short break for the writer to clear the table, and we move ahead from his bittersweet recollections of 1984 to the incomprehensible optimism Lewis will bring to Seoul.

"The trials did more for my confidence than anyone can imagine," Lewis says exuberantly. Having again qualified for the 100, 200, long jump and the 4 x 100 relay, Lewis could harvest bushels of gold unprecendented in Olympic history; no man ever repeated as gold medalist in the 100, 200 or long jump.

So he has one, encompassing wish for Seoul: "I want to have the greatest meet I've ever had." If he does, everyone else is history.

Handicapping his individual events, Lewis's winning the long jump is probably the best of the Games — he's won 55 long jump competitions in a row — especially after his least favorite person in the world, Larry Myricks, threw such a scare at him at the trials, jumping a personal-best 28 feet 8 1/4 inches (8.74 meters), and Lewis, jumping in a downpour, had to go 28-9 to trump him. Complacency shouldn't be an issue in the sprints. Indeed, Lewis may come in an underdog. Ben Johnson beat him in the record-shattering 100 meters at the world championships last fall in Rome, and Lewis's protégé, Joe DeLoach, ran him down in the 200 at Indianapolis.

"For me to have any chance to win in the Olympics," Lewis says, ticking off the numbers like they were multiplication tables, "I believe I'm going to have to run 9.80, long jump 28-10 and run 19.85."

So you don't miss the point,

Lewis adds: "No one who's running now has run any of those times." A 9.80 in the 100 would be a world record. "Exactly."

Given what Lewis has accomplished in track and field — dominating the sprints and the long jump for most of the 1980s — his most remarkable single statistic of his career is that he has never broken a world record.

"I don't believe records are im-

portant," he says, insisting, "the whole thing is about competition. I'm a pressure player. I'm the type that wants the ball."

His love of competition is such that if you were to set up a facility with perfect long jumping conditions — a maximum legal tailwind, springy runway, soft sand — and tell Lewis he could go there and jump 30 feet, he'd say: "Set up a midnight rendezvous? I'd say no. I couldn't get up for it. I'm a competition-type person. I couldn't jump in a museum. I'm not even a practice person."

He carefully says he's talking about projected times in Seoul, not records, but just as carefully he says, "All-time records are unfair, everybody knows that," demystifying Bob Beamon's 29-2 1/4, which was set in Mexico City. By the way, Lewis says if he jumps 29-2 at

Seoul, he won't put on his sweats and sit on a lead: "I may not get that opportunity again. I'll definitely jump some more."

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SCOREBOARD

Tuesday's Line Scores

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Chicago White Sox 100 000 — 2 0 0
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Boston Red Sox 200 000 — 2 0 0

California Angels 100 000 — 2 0 0
Texas Rangers 200 000 — 2 0 0

San Francisco Giants 100 000 — 2 0 0
Atlanta Braves 200 000 — 2 0 0

St. Louis Cardinals 100 000 — 2 0 0
Pittsburgh Pirates 200 000 — 2 0 0

Cincinnati Reds 100 000 — 2 0 0
Milwaukee Brewers 200 000 — 2 0 0

Philadelphia Phillies 100 000 — 2 0 0
San Diego Padres 200 000 — 2 0 0

Washington Nationals 100 000 — 2 0 0
Montreal Expos 200 000 — 2 0 0

Major League Standings

AMERICAN LEAGUE

East Division
Detroit 42 39 68
Boston 41 43 70

West Division
Los Angeles 42 39 68
New York Yankees 41 43 70

NATIONAL LEAGUE

East Division
New York Yankees 42 39 68
Boston Red Sox 41 43 70

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AMERICAN LEAGUE

East Division
Detroit 42 39 68
Boston 41 43 70

West Division
Los Angeles 42 3

Global Newspaper... Published in Paris...

ART BUCHWALD Stay Out of My Hideout

WASHINGTON — This is what hurts — when you discover a summer haven you really love...



Buchwald

Irving's Falls is my resort. I believed it was all mine, and I reveled in the fact that I was the first human being ever to walk along its shores...

A 54-Hour Swim Down the Hudson

NEW YORK — An environmental investigator who wanted to call attention to cleanup efforts in New York's waterways...

Hans Werner Henze: Artist as Outlaw

By Andrew L. Pincus

LENOX, Massachusetts — A day or so after arriving at Tanglewood, Hans Werner Henze eased back into work on the opera he is composing...



One German scholar did a two-volume dissertation devoted to the composer's Fourth String Quartet. 'I read this with amazement, Henze says. 'I didn't know I was so clever. It's interesting what we don't know about these things, and shouldn't, probably.'

Nazi Germany but of the postwar European avant-garde centered on such composers as Pierre Boulez and Karlheinz Stockhausen and the annual festival at Darmstadt, West Germany.

Henze's view of art as an outlaw activity goes back to his boyhood in Germany, where he learned to love music while attending chamber music performances in a partly Jewish home.

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contains quotations from revolutionary songs and has a tone of anger, if not rebellion. He composed the work in 1969 for the National Symphony Orchestra of Cuba...

PEOPLE

Scorsese Film Prompts Reaction From Zeffirelli

Franco Zeffirelli has decided he doesn't want to be involved in the upcoming Venice film festival now that the embattled "The Last Temptation of Christ" is included in the program...

Anthony Flacco says his legal victory in gaining entry to the Women's Only health club in Los Angeles will benefit both sexes.

Natalia Makarova, who defected from Leningrad's Kirov Ballet, hopes to dance with the company again in London this week.

Carroll Bing, the wife of the former Metropolitan Opera impresario Sir Rudolf Bing, has been hospitalized in a mental ward for the past two weeks.

A WORLD OF JOB OPPORTUNITIES AWAITS YOU INSIDE TODAY'S PAGE 7

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Global Newspaper... Reaction Is No U.S. Trade... Kiosk Angolan Talks Extended a Day... The space shuttle Discovery sits on its launch pad in Florida on Thursday after a test of its engines was aborted.